

UTILITY ADVISORY BOARD

Thursday, April 18, 2013

8:00 a.m.

Grand Rapids Water Administration

1900 Oak Industrial Drive NE

AGENDA

1. Approval of Minutes – March 21, 2013 (attached)
2. Public Comment on Agenda Items
3. Footing Drain Program Update
4. Continued Discussion – Collection Stream Changes (attached)
5. Quarterly Financial Reports (attached)
 - Operational Graphs (Q2-FY13)
 - Treated Flow (SDS & WSS)
 - Treated Flow Compared to Rainfall & Temperature (SDS & WSS)
 - YTD Billed Flow (SDS & WSS)
 - Financial Reports (Q2-FY13)
 - Sewage Disposal System (SDS)
 - Water Supply System (WSS)
 - ACSET/ICB Report (Q1-CY13)
 - Status Report
 - Awards Map
6. Contract Awards for March, 2013 (attached)
7. Updates:
 - a. Sewer Use Ordinance Update
 - b. Customer Information System Update
 - c. EMA Update
 - d. Water/Sewer Marketing Piece
8. Items from Members
9. Next Meeting – Thursday, May 16 - Where?
10. Adjournment

Information Item: Access to Lien Letters (available online)

Utility Advisory Board
March 21, 2013

1. **Call to Order:**

The meeting was called to order by Chair, Eric DeLong, at 8:00 a.m. at Walker City Hall, 4243 Remembrance Road NW.

2. **Attendance:**

Members Attending:

Eric DeLong
Mike Lunn
Wayne Jernberg
Sandra Korhorn (Alternate)
Pam Ritsema
Chuck Schroeder
Breese Stam (Alternate)
Joellen Thompson
Cathy VanderMeulen
Toby VanEss
Linda Wagenmaker (Alternate)
Ron Woods

Others Attending:

John Allen
Geri Eye
Eileen Pierce

Members Absent:

Scott Buhner (alternate attended)
Mark DeClercq (alternate attended)
Brian Donovan
George Haga
Ed Robinette
Ben Swayze
Josh Westgate

3. **Approval of Minutes:**

Motion 13-05: Ron Woods, supported by Cathy VanderMeulen, moved to approve the minutes of the February 21, 2013, Utility Advisory Board meeting as presented. Motion carried.

4. **Public Comment:** There was no public comment.

5. **3-1-1- Implementation**

MariBeth Jelks, Managing Director for Administrative Services for the City of Grand Rapids gave an overview of the 3-1-1 project. 3-1-1 is easy access, one-stop shopping for citizens to get their information and/or referral to the appropriate service. They will handle the first tier of all those customer service needs. The benefit to the other departments will be that they can focus on only handling the more complex citizen needs.

Becky Jo Glover was introduced as the 3-1-1 Manager. Ms. Glover implemented the Miami-Dade 3-1-1 system county-wide. She started with the City in January, and they are now in the process of starting to hire staff. They hope to have most, if not all, hired by May. The 3-1-1 system will be seamless for our Water/Sewer customers. Within the City of Grand Rapids, citizens will dial 311; but in customer communities, they will continue to call the same phone number they have in the past. They hope to begin taking calls in conjunction with Water in June as a soft launch. Advertising won't be done until early next year. Metrics and reporting will be very important, and data will be provided to the UAB. They are currently in the process of reconciling the budget and will also be bringing that back to the UAB for review.

Patti Caudill, Manager of the Office of Diversity and Inclusion, was introduced as she is in charge of Customer Service at the City. MariBeth Jelks noted that there will also be a walk-in service area associated with the 3-1-1.

6. Budget Review

Water System – Joellen Thompson referred members to the Statement of Operations. She noted that we are trying to fund capital projects with cash going forward. She noted that the debt coverage ratio is improving. She then reviewed the variance report. We have 15 less full-time employees this coming year. Some of these are due to the 3-1-1 implementation and some are from attrition. It was noted that we have refocused our meter program to use up our inventory of meters by the end of the year when the new lead-free law goes into effect.

Cathy VanderMeulen asked about the electricity line item. How are we doing on the rate case? Eric DeLong indicated that we are really seeing cost avoidance here. Without the rate cases, this item would be much higher.

Pam Ritsema noted that Water has continued to reduce their Operating and Maintenance expenses over the years from FY10 through FY14. Linda Wagenmaker noted that they exceeded the goal of 7.5% in transformational savings for FY14. She also noted that the FY14 budget is down 1.5% from FY13 and revenues are increasing.

Ron Woods asked why the Administration for FY14 is higher than the FY12 amount. Linda Wagenmaker noted that the lapse is budgeted because they assume they won't use as much as was budgeted, and that is included in the Administration line item.

Eric DeLong summed up the conversation as follows: a zero rate increase estimate for FY14, a significant billed flow increase which will be smoothed, continued expenditure controls and overall the budget is down by 1.5%.

Sewer System – Mike Lunn reported that there is about a 1% increase in the FY14 budget. They also are starting to cash fund capital projects. It was noted that there may be some additional costs for surety on the bonds and this is shown as being reserved out

of fund balance to make sure we have the cash available for this as needed. The negative balance of unassigned cash is being revised due to cash funding some projects in FY13 so this should turn around and be positive by year-end. There are transformational savings of 9.5% which exceeds the goal of 7.5%.

Linda Wagenmaker noted that revenues for FY14 are budgeted 1.1% less than FY13 which reflects the rate decrease in FY13. Billed volume in sewer has increased just slightly, but on average for the last 3 years it is still just a little bit down.

Cathy VanderMeulen asked if there is anything on the horizon that might change these estimates prior to them adopting the budget. It was noted that until June it will be refined, but they should be minor changes. We could come back with the actual plan the City Commission will be approving in May and have it approved at that time. Then the City Commission would approve in June.

Mike Lunn discussed the changes in staffing that he is proposing for the next year. Some will provide additional flexibility and be cross-trained in various positions.

Motion 13-06: Cathy VanderMeulen, supported by Toby VanEss, moved to recommend the FY2014 Water Supply System and Sewage Disposal System budgets to the City Commission as presented with any minor, non-substantive adjustments as shall be made in the interim. Motion carried. It was noted that the final budgets will still be brought to the UAB in May for their review and information.

7. Transformation Update

Communication Conversion – Mike Lunn reported that this change will reduce our communication costs from about \$9,600 per month to \$600 per month.

Energy Efficiency – HACH Realtime Nitrogen Controller

Mike Lunn reported that he has been reviewing these types of systems. Systems being used by others were providing small savings. HACH had one that was more interesting. We would be one of the first facilities in North America to use this technology so it would be piloted for about 90 days before final implementation. The cost is \$143,000, and he would like the UAB's support to move forward.

Ron Woods asked if there would be additional cost for analyzers. Mike Lunn noted that he doesn't think he will need to buy these, so no. In response to Mr. Woods, Mike Lunn briefly explained how the system works to control the volume of nitrogen through statistical process control.

Mr. Lunn noted that installation shouldn't be more than \$5,000 to \$10,000. If we don't like the way it functions, we can send it back to them at no cost except for the installation. We would probably pay for the system upon delivery and then we would be refunded the cost. Eric DeLong noted his concern with this. Mike Lunn indicated he

would check with HACH to see if we can pay once we accept the system. Funds for this project will come from the Capital fund.

Motion 13-07: Ron Woods, supported by Cathy VanderMeulen, moved to recommend moving forward with the pilot and implementation of the HACH Realtime Nitrogen Controller as presented. Motion carried.

Cathy VanderMeulen asked what the timeline was for this. Mr. Lunn indicated that HACH is ready to move forward as soon as we get the required approvals.

North Blower Project – Mike Lunn reported that this has been approved by DEQ for funding from the Revolving Fund, and we've applied for a Consumers rebate on this. The entire cost to the City will be down to \$1.5 million from \$2.6 Million.

8. Contract Awards

Members were referred to an updated, distributed copy of the awards. There were no additional comments on the awards.

9. Updates

Sewer Use Ordinance - Mike Lunn reported that the joint public notice between us and the state is now closed. There were no comments received. He hopes to place this on the April 9 City Commission agenda. Sample ordinances will be provided to partner communities for their use in conforming to the updated ordinance.

Delinquent Accounts – Pam Ritsema reported that we continue to work on this issue internally. No lien letters have been sent since the last large batch that was sent. They have about 2,000 letters ready to go, and they plan to send those out about 200 letters per day rather than all at once. Eric asked about the interface between us and the retail partners. Joellen Thompson noted that they are still working on this. It was noted that we will need a contract change to deal with this change in timing for the lien letters.

Eric DeLong asked how this will work. Pam Ritsema noted that up until November the payments would still be made to the City. Cathy VanderMeulen asked when customer communities are notified of who is on the list. Pam Ritsema indicated that we don't notify the communities until the point when we have a list of those that are actually going to lien. We need to work on how people can pay their bill and be credited appropriately during the time we are transferring the information to the Treasurer's Office to go to lien.

Cathy VanderMeulen asked for information on who the letters are going to now. Staff will follow through. Eric DeLong asked when the UAB will see the A3 on this. Joellen Thompson noted that they will try to bring that here this summer. Staff have been focused on 3-1-1 recently so they will need to get back to this. It was decided that they will plan to bring it here in September.

Customer Information System – Joellen Thompson reported that staff are focused on working with 3-1-1 and the training materials and scripts. We are on hold for making changes to the system now because the 3-1-1 staff are currently learning the system.

Mike Lunn noted that they recently made a big leap in response time. Joellen Thompson added that this is response time within the system itself. Now it's only 3-5 seconds rather than 40 seconds to bring up certain information.

EMA Update – Pam Ritsema noted that the City Commission approved the scope of work this week. EMA should be starting their work soon.

Penalties – Pam Ritsema reported that staff indicated they were having a problem with the monthly statements and with when we assess penalties. The current practice is in conflict with when we do cut-offs. They suggested a change that they felt would be easier for everyone to understand. The revised process would be that if you do not make a payment within the 21 days after your bill arrives, you receive a penalty of 10% on the entire bill and then you are not assessed a penalty for the remainder of that quarter. If you pay the first month and don't pay the second or third month, there is not a penalty applied. The change won't start to show up until April billings.

Eric DeLong asked if the thought was that even though we lose some penalty amounts on the 2nd and 3rd months, we have the opportunity to make that up in the next quarter. Ms. Ritsema indicated that in the next quarter they will be charged a penalty only on the base amount. The thought is that the bill will then be high enough that it will trigger a cut-off anyway. This is a much clearer process administratively and easier for everyone to understand.

Eric DeLong asked that staff prepare a simple bullet-pointed explanation of this to hand out at the next meeting. Staff will follow up on this.

Marketing piece for Water and Wastewater Systems – Eric DeLong reported that there are lots of good things in both Water and Sewer that are worth publicizing as an enticement to folks considering moving to our area. We are working with the Right Place on this.

10. **Items from Members:**

Cathy VanderMeulen noted that they have their first new plat coming in since 2007.

Toby VanEss reported that the Ottawa County Health Department is asking where our water and sewer are located. Wayne Jernberg indicated that this information is posted to REGIS if they are members of REGIS. Mr. VanEss will have them contact Mr. Jernberg on this. Eric DeLong asked that Mr. Jernberg check to see if Ottawa County Public Services has access as well.

Joellen noted that the Water System Confidence Report is completed, and she will email copies to members.

Eileen Pierce noted that this may be her last meeting. She learned a lot working on the CIS project and appreciates the opportunity that was provided to her.

11. **Next Meeting:**

The next meeting will be held on Thursday, April 18, at Grand Rapids Water Office.

/nlm

MEMORANDUM

CITY OF GRAND RAPIDS

DATE: April 12, 2013

TO: Utility Advisory Board

FROM: Pam Ritsema
Managing Director, Enterprise Services

SUBJECT: Collection Stream Changes

Water customer service front line staff came to Water Management, asking if the collection stream for residential accounts could be improved to be easier to administer and to be more easily understood by customers. They made a recommendation for configuration changes that will result in more efficient employee training, simplified billing and explanations to customers, reduced system administration time and costs, simplified future reporting processes, and streamlined integration with external systems, including 311. **These changes will only affect the customers who pay late.**

1. When a bill is past due, the customer will receive a 10% late fee that is charged on total current charges.
 - a. Why: Our business policy states that if you have not paid your entire bill, or taken advantage of the monthly payment option, by 21 days you are late. The penalty event will now occur once per quarter, rather than up to three times (once per month) in a quarter. This change will make the process consistent with the rules and regulations and with the water / sewer rate study. This will also make the handling of commercial and residential accounts consistent as this process has always been in place for commercial accounts.
 - b. What does this mean:
 - The 10% late fee will only be charged if the bill, or monthly payment option, is not paid by 21 days and will be assessed on total current charges.
 - All bills have a prominent bill message that states: *"Past due accounts will be assessed a 10% late fee on the total current charges and applicable fees"*.
 - If a customer makes their first payment, and then miss their subsequent payments, we give them a grace until the next bill period. At that time, they must pay the past due amount and at least their monthly option for the new bill. If they don't they will get a 10% penalty on only their new bill

charges. To prevent anyone from taking unfair advantage of this extended grace, it is unpublicized.

- c. Example: The average residential quarterly water / sewer bill in Grand Rapids is \$169. The late payment penalty would equate to \$16.90. Prior to this change if you were late, you were assessed a penalty of \$5.63 when you missed the first month payment, \$5.63 when you missed the 2nd month bill payment and \$5.64 when you missed the 3rd month payment (totaling \$16.90).
2. Created a past due / cutoff notice to be sent after non-payment on day 21.
- a. Why: This will allow customers to receive a Notice informing them of the amount that is past due and if they are eligible for cutoff.
 - b. What does this mean: Customers who have not paid will receive a notice that will state amount due (including late fee). If the customer is eligible for cutoff the notice will also include the date they will be eligible and the amount owing if not paid by that time (including processing fee). The notice will be sent in lieu of reminder statements as once the bill is past due the customer no longer qualifies for the monthly payment option. This will eliminate the problem of reminder monthly statements going out at the same time we were sending maintenance crews to cut off their water. Also, we were confusing customers by sending both a reminder statement to pay 2/3 of their quarterly bill and at the same time cutting off their service.

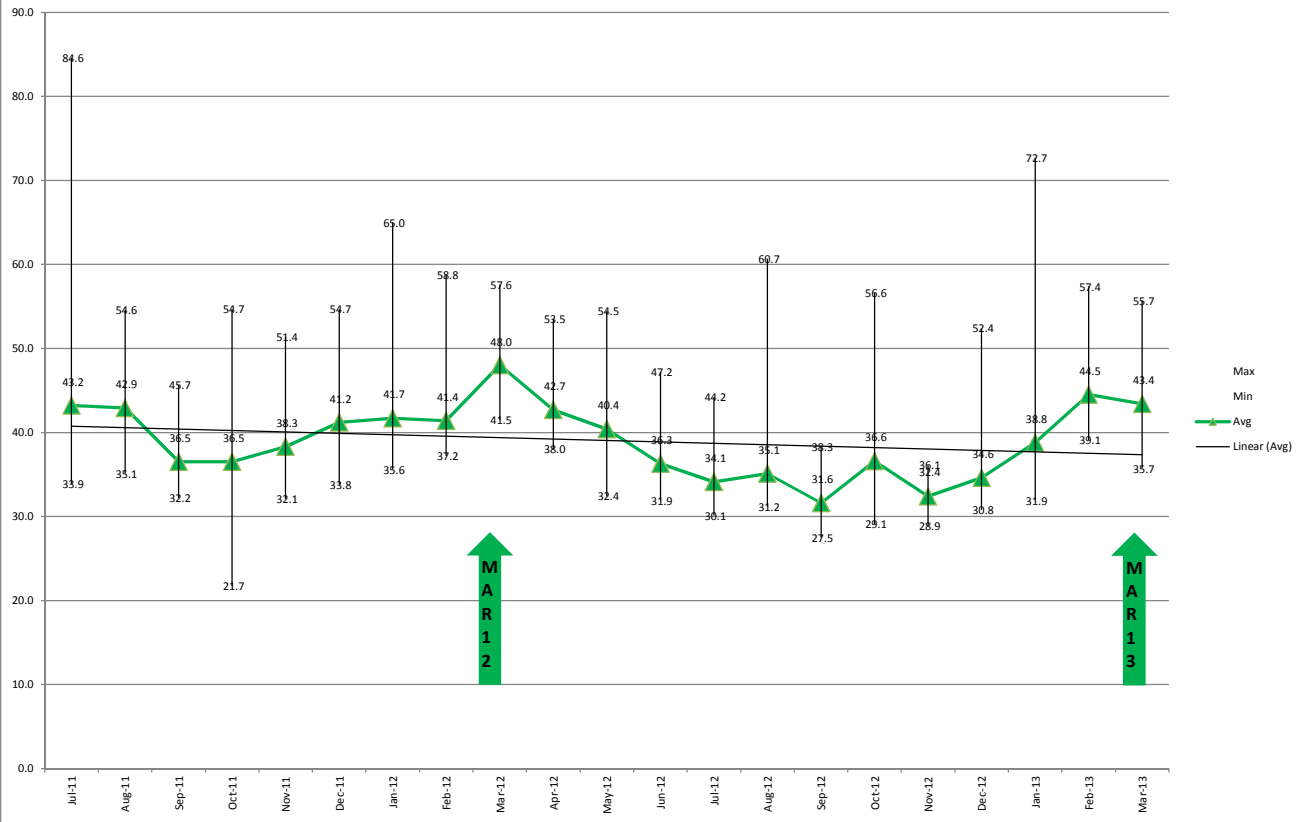
Notice on bill:

Past due accounts will be assessed a 10% late fee on the total current charges and applicable fees.

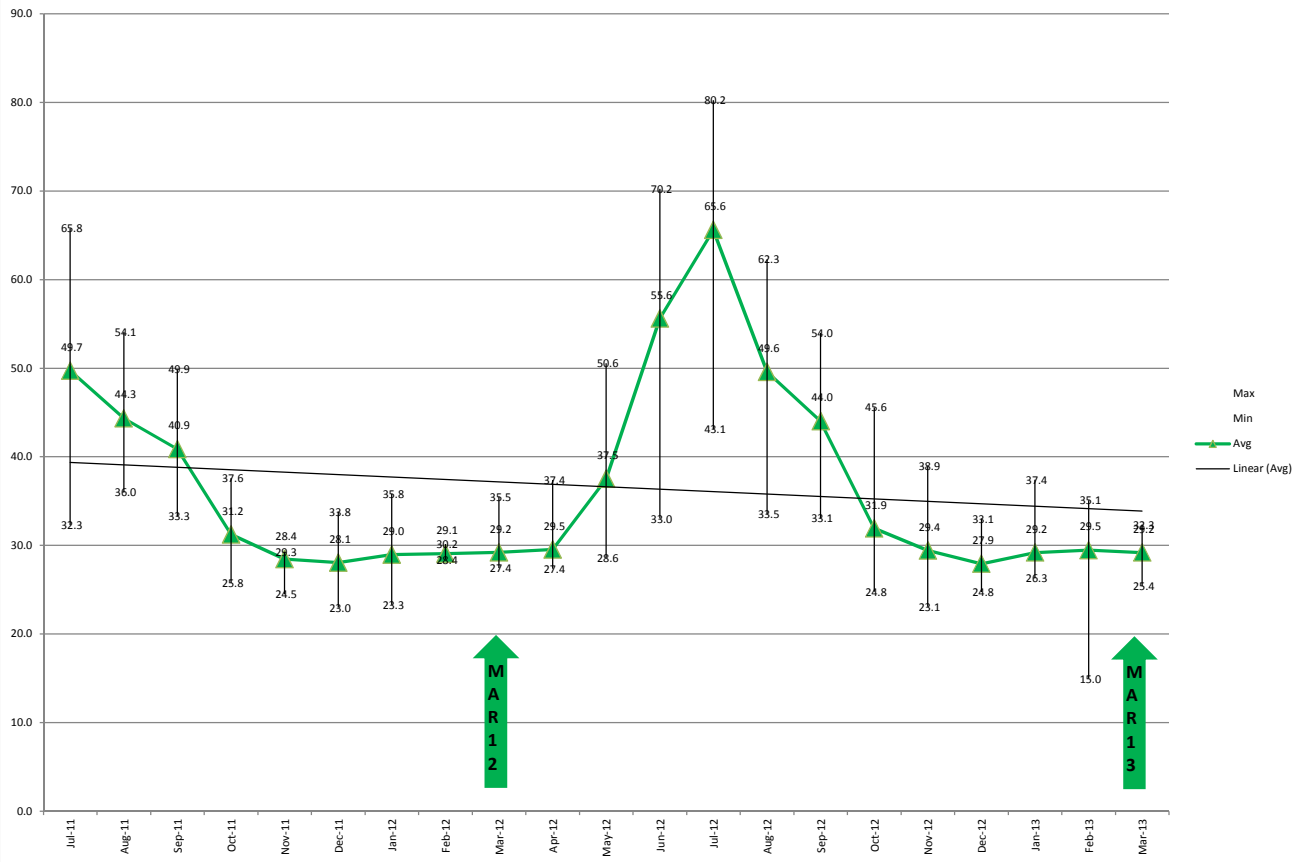
Return this portion with payment. Make checks payable to Grand Rapids City Treasurer.

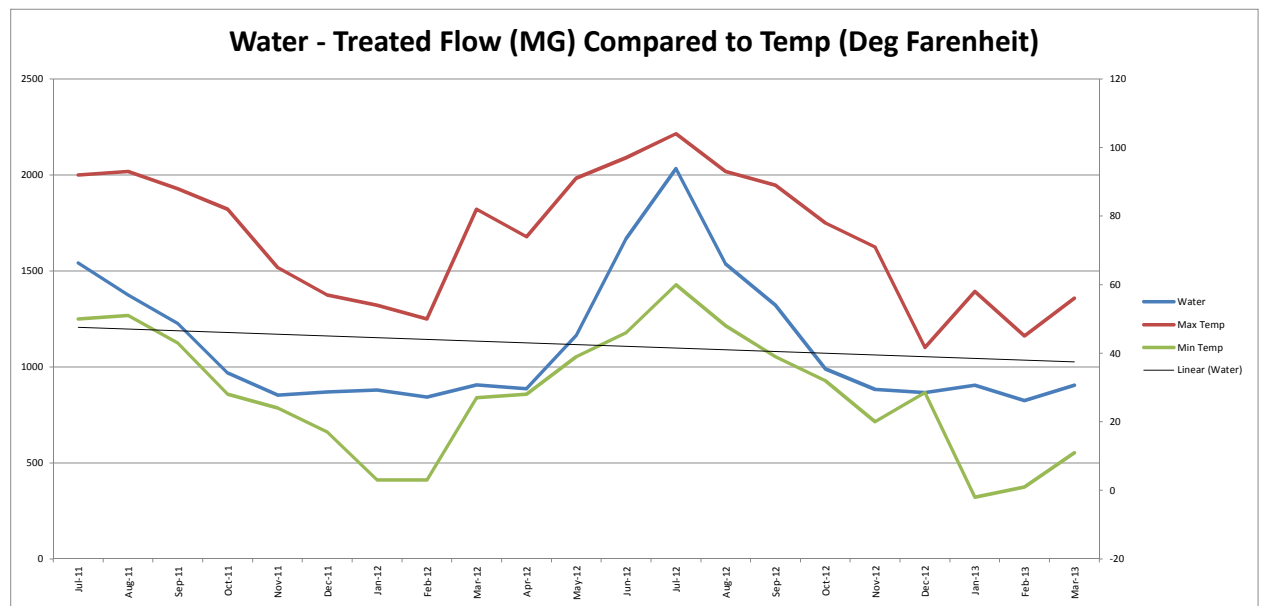
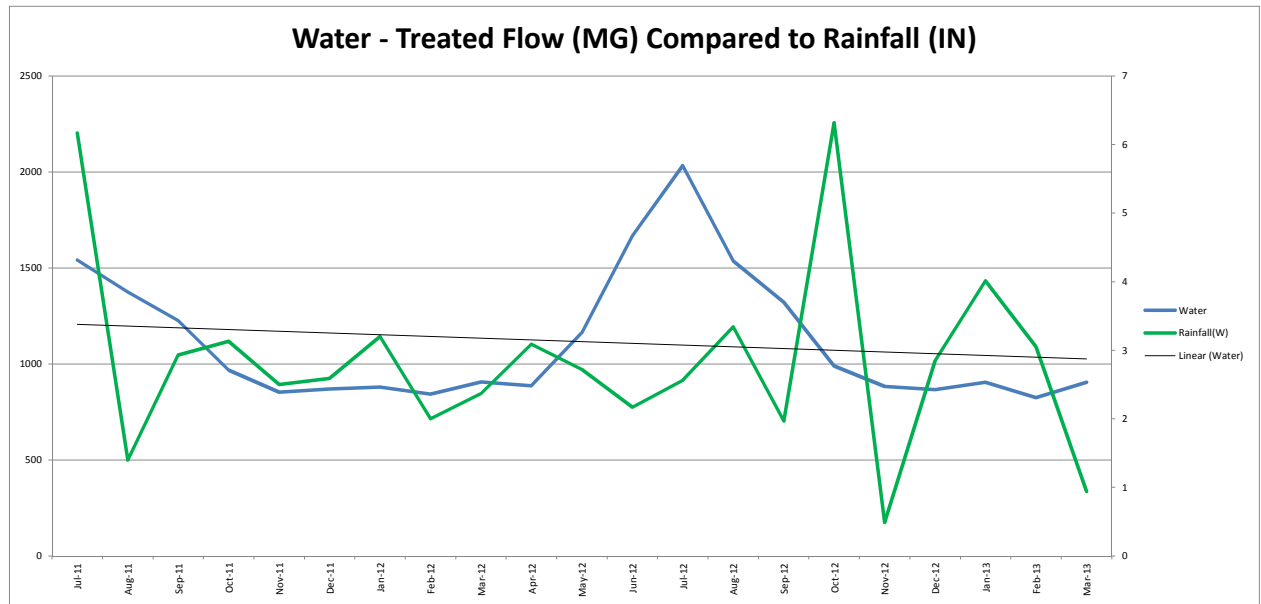
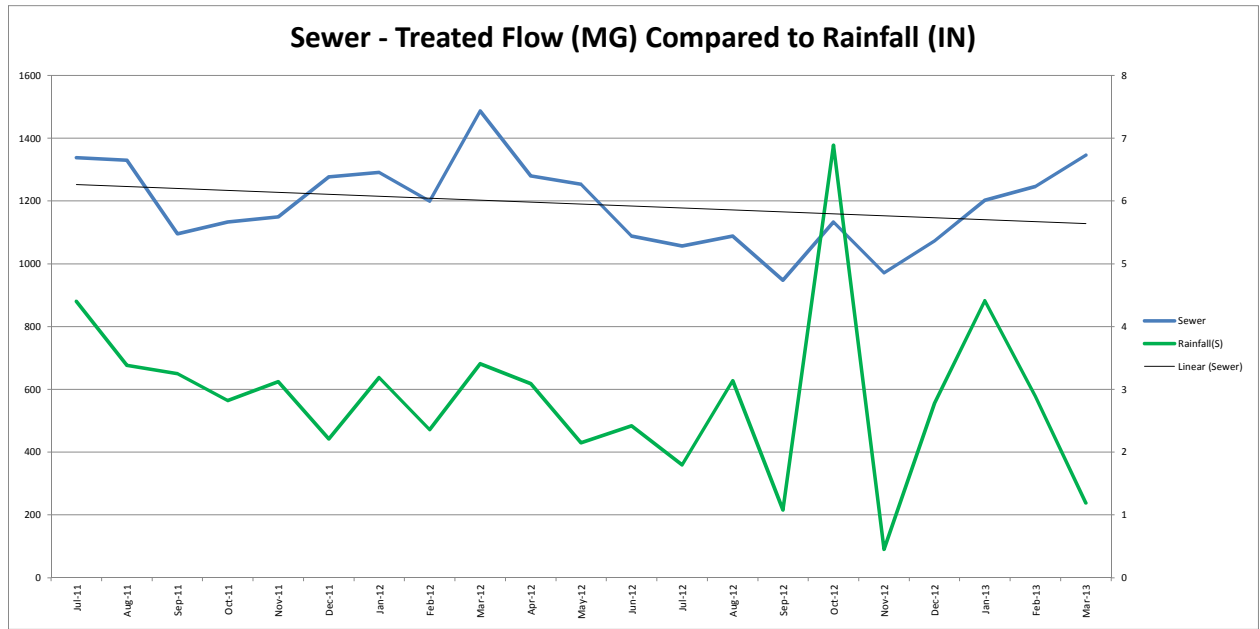
If one of the payment options below is not received on or before the due date, your service is eligible for cutoff.

Sewer - Treated Flow (MGD)

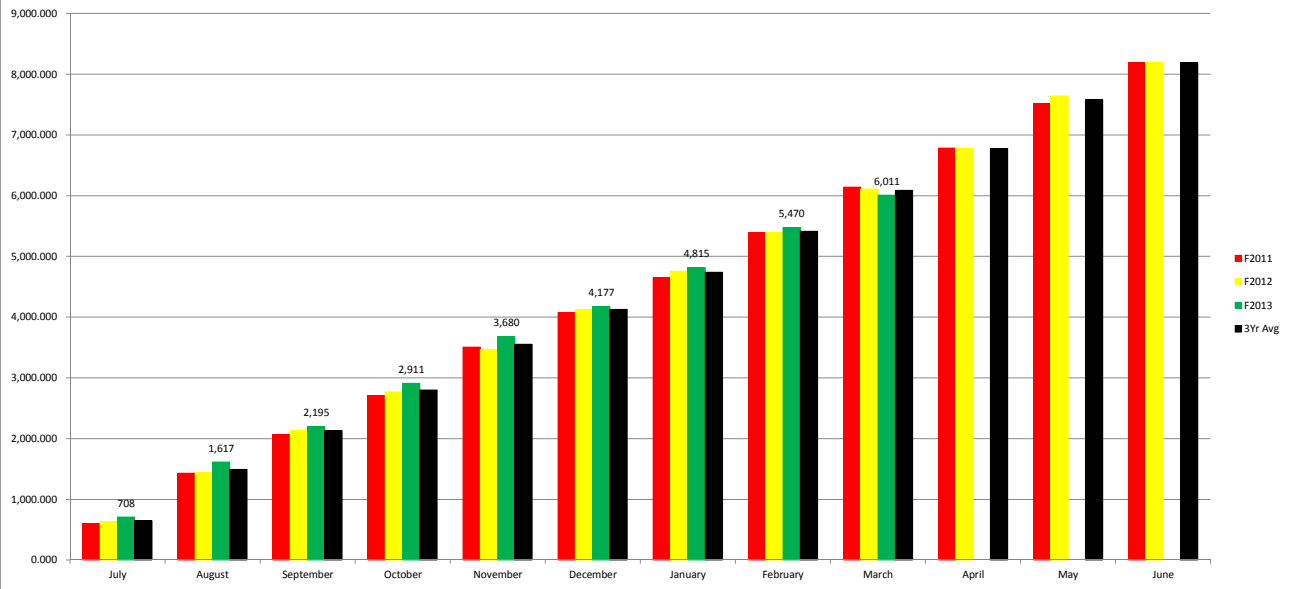


Water - Treated Flow (MGD)

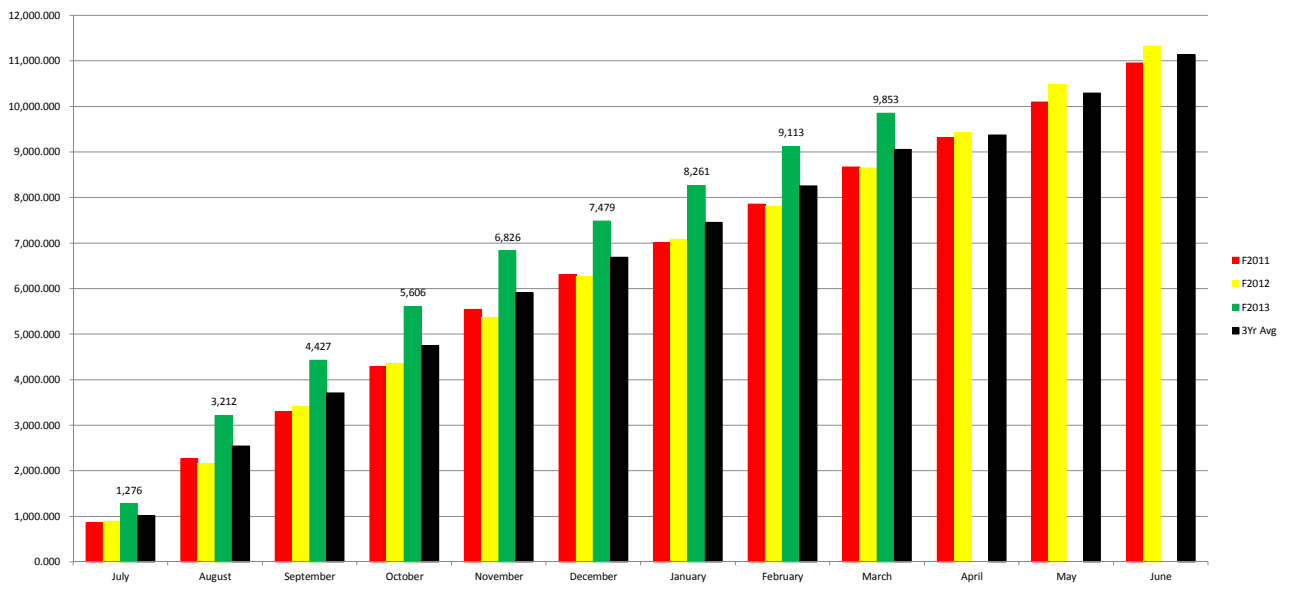




Sewer - YTD Billed Flow (MG)



Water - YTD Billed Flow (MG)



| | | | | | | |
|--------------------------------|--------------|----------------------|--------------------------------|----------------------|------------------------------|-------------------------------|
| SEWAGE DISPOSAL SYSTEM | | | | Fund: | SDS - SEWAGE DISPOSAL SYSTEM | |
| FINANCIAL REPORT | | | | Subfund: | 500 - RECEIVING/OPERATIONS | |
| QUARTER ENDING 03/31/13 | | | | | | |
| | | | | | | |
| Description | Group | FY12 Final | ADOPTED FY13 BUDGET | Q3YTD-FY12 | Q3YTD-FY13 | FY13/FY12 VARIANCE |
| Retail Service Charges | 1 | \$ 46,728,993 | \$ 47,070,527 | \$ 28,651,678 | \$ 28,473,185 | \$ (178,493) |
| Wholesale Service Charges | 2 | \$ 2,042,873 | \$ 2,104,268 | \$ 1,299,161 | \$ 1,196,090 | \$ (103,071) |
| Sewer Surcharges | 3 | \$ 2,048,421 | \$ 2,483,700 | \$ 1,021,451 | \$ 922,674 | \$ (98,777) |
| Front Footage Fees | 4 | \$ 22,672 | \$ 40,000 | \$ 2,900 | \$ 33,759 | \$ 30,859 |
| Integrated Connection Fees | 5 | \$ 607,262 | \$ 618,000 | \$ 418,821 | \$ 533,358 | \$ 114,538 |
| Miscellaneous | 6/7/8 | \$ 969,954 | \$ 960,660 | \$ 619,836 | \$ 759,230 | \$ 139,394 |
| Total Revenue | | \$ 52,420,174 | \$ 53,277,155 | \$ 32,013,846 | \$ 31,918,297 | \$ (95,550) |
| | | | | | | |
| Personal Services | 701 | \$ 8,826,740 | \$ 9,672,441 | \$ 6,903,413 | \$ 6,615,945 | \$ (287,468) |
| Supplies | 726 | \$ 1,162,006 | \$ 1,522,801 | \$ 758,944 | \$ 793,035 | \$ 34,091 |
| Other Services and Charges | 800 | \$ 11,113,132 | \$ 12,052,790 | \$ 8,192,641 | \$ 8,321,342 | \$ 128,701 |
| Capital Outlay | 970 | \$ 20,443 | \$ 233,500 | \$ 14,574 | \$ 103,577 | \$ 89,003 |
| Appropriation Lapse | 996 | \$ - | \$ (1,053,000) | \$ - | \$ - | \$ - |
| Transfers Out | 999 | \$ 2,862,983 | \$ 2,150,810 | \$ 1,825,379 | \$ 1,389,488 | \$ (435,891) |
| Total Expenses | | \$ 23,985,303 | \$ 24,579,342 | \$ 17,694,951 | \$ 17,223,387 | \$ (471,564) |
| Net Income (Loss) | | \$ 28,434,871 | \$ 28,697,813 | \$ 14,318,895 | \$ 14,694,910 | \$ 376,015 |

| | | | | | | |
|---------------------------------------|--------------|----------------------|--------------------------------|---------------------|----------------------------|-------------------------------|
| WATER SUPPLY SYSTEM | | | | Fund: | WSS - WATER SUPPLY SYSTEM | |
| FINANCIAL REPORT | | | | Subfund: | 500 - RECEIVING/OPERATIONS | |
| QUARTER ENDING 03/31/13 | | | | | | |
| | | | | | | |
| Description | Group | FY12 Final | ADOPTED FY13 BUDGET | Q3YTD-FY12 | Q3YTD-FY13 | FY13/FY12 VARIANCE |
| Retail Service Charges | 1 | \$ 37,216,954 | \$ 36,674,832 | \$ 23,314,248 | \$ 25,849,253 | \$ 2,535,005 |
| Wholesale Service Charges | 2 | \$ 3,579,770 | \$ 3,472,203 | \$ 2,320,881 | \$ 2,652,762 | \$ 331,881 |
| Front Footage Fees | 3 | \$ 57,162 | \$ 20,000 | \$ 23,745 | \$ 139,401 | \$ 115,656 |
| Integrated Connection Fees | 4 | \$ 676,539 | \$ 700,000 | \$ 491,578 | \$ 558,384 | \$ 66,807 |
| Sewage Disposal Fund-Customer Service | 5 | \$ 2,274,018 | \$ 1,987,718 | \$ 1,385,056 | \$ 1,267,169 | \$ (117,887) |
| Penalties | 6 | \$ 1,149,243 | \$ 1,273,638 | \$ 812,971 | \$ 875,317 | \$ 62,345 |
| Miscellaneous | 7/8/9 | \$ 1,530,079 | \$ 1,389,486 | \$ 1,063,805 | \$ 1,408,934 | \$ 345,129 |
| Total Revenue | | \$ 46,483,764 | \$ 45,517,877 | \$ 29,412,283 | \$ 32,751,220 | \$ 3,338,937 |
| | | | | | | |
| Personal Services | 701 | \$ 12,948,984 | \$ 13,209,576 | \$ 10,358,009 | \$ 9,075,996 | \$ (1,282,013) |
| Supplies | 726 | \$ 1,564,242 | \$ 1,785,400 | \$ 1,086,785 | \$ 767,216 | \$ (319,570) |
| Other Services and Charges | 800 | \$ 9,908,541 | \$ 9,558,998 | \$ 7,336,310 | \$ 7,137,464 | \$ (198,845) |
| Capital Outlay | 970 | \$ 126,274 | \$ 330,300 | \$ 119,389 | \$ 46,797 | \$ (72,592) |
| Appropriation Lapse | 996 | \$ - | \$ (1,030,000) | \$ - | \$ - | \$ - |
| Transfers Out | 999 | \$ 743,226 | \$ 1,326,819 | \$ 556,918 | \$ 1,090,867 | \$ 533,949 |
| Total Expenses | | \$ 25,291,267 | \$ 25,181,093 | \$ 19,457,412 | \$ 18,118,340 | \$ (1,339,071) |
| Net Income (Loss) | | \$ 21,192,497 | \$ 20,336,784 | \$ 9,954,871 | \$ 14,632,880 | \$ 4,678,009 |

Area Community Service Employment Training Council (ACSET)
Water/Sewer Assistance - ICBAP
Contract Years 2013 & 2012
First Calendar Quarter - January 1 thru March 31

| City of Grand Rapids | 2013 | 2012 |
|---------------------------------------|---------------------|-------------------------|
| ICBAP Authorized | \$ 143,655.00 | \$ 167,859.00 |
| Draw Disbursements | (80,000.00) | (80,000.00) |
| Remaining ICBAP Balance | <u>\$ 63,655.00</u> | <u>\$ 87,859.00</u> |
| ACSET | | |
| ICBAP Draw Receipt(s) | \$ 80,000.00 | \$ 80,000.00 |
| Assistance Awards (Jan-Mar) | (41,170.77) | (88,890.31) |
| Administrative Fee(s) (10% of awards) | (4,117.08) | (8,889.03) |
| Remaining Draw Balance | <u>\$ 34,712.15</u> | <u>\$ (17,779.34) *</u> |
| Total Assistance Awards | \$ 41,170.77 | \$ 88,890.31 |
| Total Administrative Fees | 4,117.08 | 8,889.03 |
| Total ICBAP Used | <u>\$ 45,287.85</u> | <u>\$ 97,779.34</u> |
| ICBAP Authorized | \$ 143,655.00 | \$ 167,859.00 |
| Total ICBAP Used | (45,287.85) | (97,779.34) |
| Remaining ICBAP Balance | <u>\$ 98,367.15</u> | <u>\$ 70,079.66</u> |

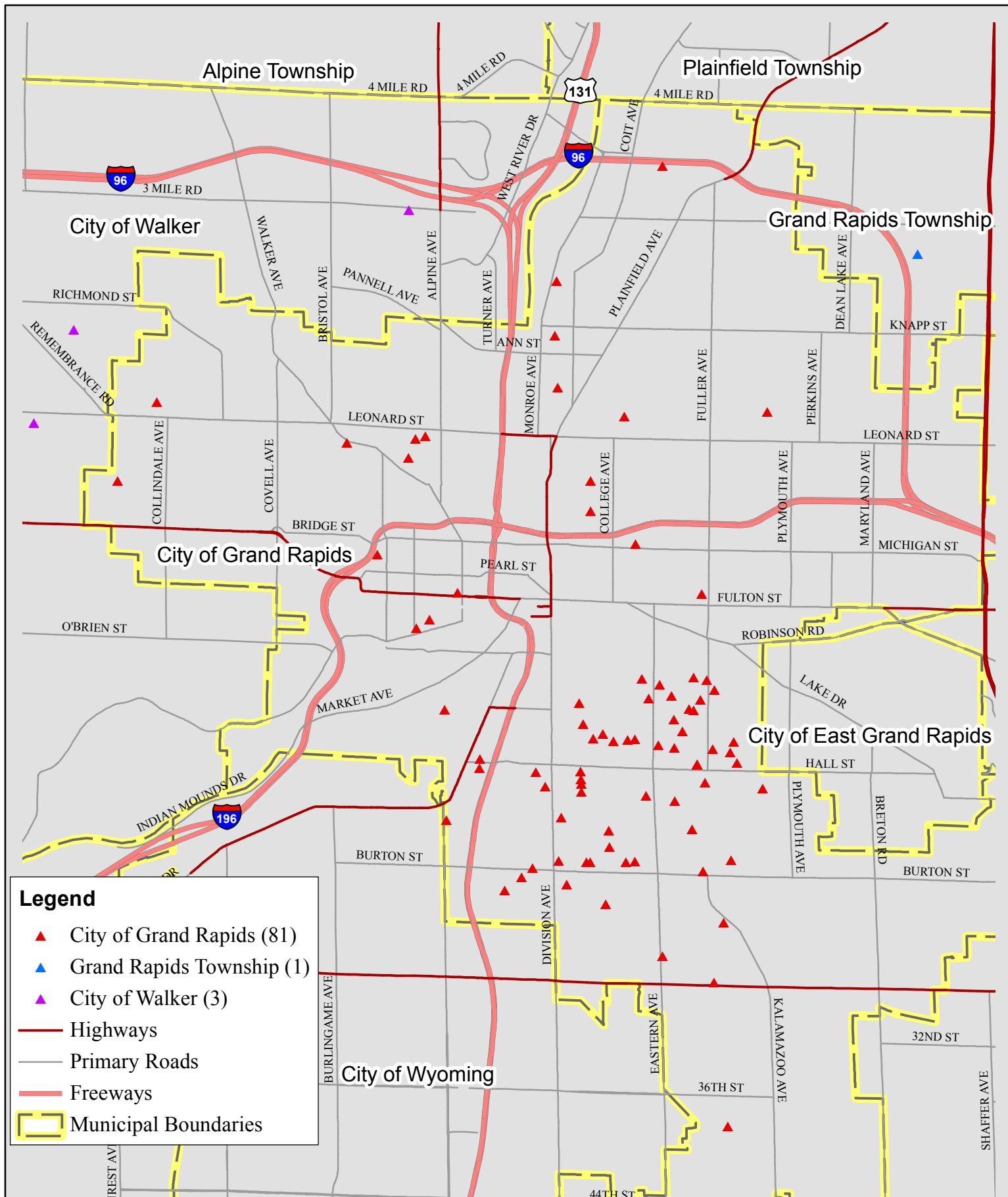
* Additonal draw receipts added 04/02/12

Demographic Summary

| | | |
|--------------------------------|----------|----------|
| Total Households Served | 85 | 140 |
| Total Persons Served | 301 | 494 |
| Average Household Size | 3.5 | 3.5 |
| No. of Single Head of Family | 40 | 64 |
| Average Request Amount | \$484.36 | \$634.93 |
| Failed Screening Process | 10 | 49 |
| Denied After Completed Process | 0 | 3 |

Households by Jurisdiction Summary

| | | |
|-----------------------|----|-----|
| Grand Rapids | 81 | 133 |
| Cascade Township | 1 | 1 |
| Grand Rapids Township | 0 | 0 |
| Kentwood | 0 | 2 |
| Tallmadge Township | 0 | 1 |
| Walker | 3 | 3 |
| Wright Township | 0 | 0 |



2013 Quarter 1 - ACSET/ICBAP Clients

0 0.5 1 2 3 Miles



**Water/Sewer UAB Report
March 2013**

| Project Name | Contractor | Award Date | Substantial Completion Date | Final Completion Date | Water Fund Authorized NTE Amt | Sewer Fund Authorized NTE Amt | Est. Year for Rates | Integrated (Y/N) |
|--|--|-------------------|--|--------------------------------------|--|--|--------------------------------|-----------------------------|
| Replacement of Pump #2 and Associated Piping and Valves at the Coldbrook Pumping Station | Allied Mechanical Services, Inc. | | 12/31/2013 | 1/13/2014 | \$ 426,800.00 | | 2014 | Non- Integrated |